AN

ESSAY

ON

The Influence of a low Price of Corn on the Profits of Stock;

SHEWING THE

INEXPEDIENCY OF RESTRICTIONS ON IMPORTATION;

WITH

Remarks

ON

MR. MALTHUS' TWO LAST PUBLICATIONS:

"An Inquiry into the Nature and Progress of Rent;" and "The Grounds of an Opinion on the Policy of restricting the Importation of Foreign Corn."

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INTRODUCTION.

In treating on the subject of the profits of capital, it is necessary to consider the principles which regulate the rise and fall of rent; as rent and profits, it will be seen, have a very intimate connexion with each other. The principles which regulate rent are briefly stated in the following pages, and differ in a very slight degree from those which have been so fully and so ably developed by Mr. Malthus in his late excellent publication, to which I am very much indebted. The consideration of those principles, together with those which regulate the profit of stock, have convinced me of the policy of leaving the importation of corn unrestricted by law. From the general principle set forth in all Mr. Malthus's publications, I am persuaded that he holds the same opinion

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as far as profit and wealth are concerned with the question;—but, viewing, as he does, the danger as formidable of depending on foreign supply for a large portion of our food, he considers it wise, on the whole, to restrict importation. Not participating with him in those fears, and perhaps estimating the advantages of a cheap price of corn at a higher value, I have come to a different conclusion. Some of the objections urged in his last publication,—"Grounds of an Opinion," &c. I have endeavoured to answer; they appear to me to be unconnected with the political danger he apprehends, and to be inconsistent with the general doctrines of the advantages of a free trade, which he has himself, by his writings, so ably contributed to establish.

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ON THE

INFLUENCE, &c.

MR. Malthus very correctly defines, "the rent of land to be that portion of the value of the whole produce which remains to the owner, after all the outgoings belonging to its cultivation, of whatever kind, have been paid, including the profits of the capital employed, estimated according to the usual and ordinary rate of the profits of agricultural stock at the time being."

Whenever, then, the usual and ordinary rate of the profits of agricultural stock, and all the outgoings belonging to the cultivation of land, are together equal to the value of the whole produce, there can be no rent.

And when the whole produce is only equal in value to the outgoings necessary to cultivation, there can neither be rent nor profit.

In the first settling of a country rich in fertile land, and which may be had by any one who chooses to take it, the whole produce,

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after deducting the outgoings belonging to cultivation, will be the profits *of* capital, and will belong to the owner of such capital, without any deduction whatever for rent.

Thus, if the capital employed by an individual on such land were of the value of two hundred quarters of wheat, of which half consisted of fixed capital, such as buildings, implements, &c. and the other half of circulating capital,—if, after replacing the fixed and circulating capital, the value of the remaining produce were one hundred quarters of wheat, or of equal value with one hundred quarters of wheat, the neat profit to the owner of capital would be fifty per cent. or one hundred profit on two hundred capital.

For a period of some duration, the profits of agricultural stock might continue at the same rate, because land equally fertile, and equally well situated, might be abundant, and therefore, might be cultivated on the same advantageous terms, in proportion as the capital of the first, and subsequent settlers augmented.

Profits might even increase, because the population increasing, at a more rapid rate than capital, wages might fall; and instead of the value of one hundred quarters of wheat being necessary for the circulating capital, ninety

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only might be required: in which case, the profits of stock would rise from fifty to fifty-seven per cent.

Profits might also increase, because improvements might take place in agriculture, or in the implements of husbandry, which would augment the produce with the same cost of production.

If wages rose, or a worse system of agriculture were practised, profits would again fall.

These are circumstances which are more or less at all times in operation—they may retard or accelerate the natural effects of the progress of wealth, by raising or lowering profits—by increasing or diminishing the supply of food, with the employment of the same capital on the land.*

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* Mr. Malthus considers, that the surplus of produce obtained in consequence of diminished wages, or of improvements in agriculture, to be one of the causes to raise rent. To me it appears that it will only augment profits.

"The accumulation of capital, beyond the means of employing it on land of the greatest natural fertility, and the greatest advantage of situation, must necessarily lower profits; while the tendency of population to increase beyond the means of subsistance must, after a certain time, lower the wages of labour.

"The expense of production will thus be diminished, but the value of the produce, that is, the quantity of labour, and

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We will, however, suppose that no improvements take place in agriculture, and that capital and population advance in the proper proportion, so that the real wages of labour, continue uniformly the same;—that we may know what peculiar effects are to be ascribed to the growth of capital, the increase of population, and the extension of cultivation, to the more remote, and less fertile land.

In this state of society, when the profits on agricultural stock, by the supposition, are fifty per cent. the profits on all other capital, employed either in the rude manufactures, common to such a stage of society, or in foreign commerce, as the means of procuring in ex-

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of the other products of labour besides corn, which it can command instead of diminishing, will be increased.

"There will be an increasing number of people demanding subsistance, and ready to offer their services in any way in which they can be useful. The exchangeable value of food will therefore be in excess above the cost of production, including in this cost the full profits of the stock employed upon the land, according to the actual rate of profits, at the time being. And this excess is rent."—*An Inquiry into the Nature and Progress of Rent*, page 18.

In page 19, speaking of Poland, one of the causes of rent is again attributed to cheapness of labour. In page 22 it is said that a fall in the wages of labour, or a reduction in the number of labourers necessary to produce a given effect, in consequence of agricultural improvements, will raise rent.

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change for raw produce, those commodities which may be in demand, will be also, fifty per cent.*

If the profits on capital employed in trade were more than fifty per cent. capital would be withdrawn from the land to be employed in trade. If they were less, capital would be taken from trade to agriculture.

After all the fertile land in the immediate neighbourhood of the first settlers were cultivated, if capital and population increased, more food would be required, and it could only be procured from land not so advantageously situated. Supposing then the land to be equally fertile, the necessity of employing more labourers, horses, &c. to carry the produce from the place where it was grown, to the place where it was to be consumed, al-

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* It is not meant, that strictly the rate of profits on agriculture and manufactures will be the same, but that they will bear some proportion to each other. Adam Smith has explained why profits are somewhat less on some employments of capital than on others, according to their security, cleanliness, and respectability, &c. &c.

What the proportion may be, is of no importance to my argument, as I am only desirous of proving that the profits on agricultural capital cannot materially vary, without occasioning a similar variation in the profits on capital, employed on manufactures and commerce.

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though no alteration were to take place in the wages of labour, would make it necessary that more capital should be permanently employed to obtain the same produce. Suppose this addition to be of the value of ten quarters of wheat, the whole capital employed on the new land would be two hundred and ten, to obtain the same return as on the old; and, consequently the profits of stock would fall from fifty to forty-three per cent. or ninety on two hundred and ten.*

On the land first cultivated, the return would be the same as before, namely, fifty per cent. or one hundred quarters of wheat; but, the general profits of stock being regulated by the profits made on the least profitable employment of capital on agriculture, a division of the one hundred quarters would take place, forty-three per cent. or eighty-six quarters would constitute the profit of stock, and seven per cent. or fourteen quarters, would constitute rent. And that such a division must take

* Profits of stock fall because land equally fertile cannot be obtained, and through the whole progress of society, profits are regulated by the difficulty or facility of procuring food. This is a principle of great importance, and has been almost overlooked in the writings of Political Economists. They appear to think that profits of stock can be raised by commercial causes, independently of the supply of food.

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place is evident, when we consider that the owner of the capital of the value of two hundred and ten quarters of wheat would obtain precisely the same profit, whether he cultivated the distant land, or paid the first settler fourteen quarters for rent.

In this stage, the profits in all capital employed in trade would fall to forty-three per cent.

If, in the further progress of population and wealth, the produce of more land were required to obtain the same return, it might be necessary to employ, either on account of distance, or the worse quality of land, the value of two hundred and twenty quarters of wheat, the profits of stock would then fall to thirty-six per cent. or eighty on two hundred and twenty, and the rent of the first land would rise to twenty-eight quarters of wheat, and on the second portion of land cultivated, rent would now commence, and would amount to fourteen quarters.

The profits on all trading capital would also fall to thirty-six per cent.

Thus by bringing successively land of a worse quality, or less favourably situated into cultivation, rent would rise on the land previously cultivated, and precisely in the same degree would profits fall; and if the smallness

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of profits do not check accumulation, there are hardly any limits to the rise of rent, and the fall of profit.

If instead of employing capital at a distance on new land, an additional capital of the value of two hundred and ten quarters of wheat be employed on the first land cultivated, and its return were in like manner forty-three per cent. or ninety on two hundred and ten; the produce of fifty per cent. on the first capital, would be divided in the same manner as before forty-three per cent. or eighty-six quarters would constitute profit, and fourteen quarters rent.

If two hundred and twenty quarters were employed in addition with the same result as before, the first capital would afford a rent of twenty-eight; and the second of fourteen quarters, and the profits on the whole capital of six hundred and thirty quarters would be equal, and would amount to thirty-six per cent.

Supposing that the nature of man was so altered, that he required double the quantity of food that is now necessary for his subsistence, and consequently, that the expenses of cultivation were very greatly increased. Under such circumstances the knowledge and capital of an old society employed on fresh and fertile land in a new country would leave a much less surplus produce; consequently, the profits of stock

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could never be so high. But accumulation, though slower in its progress, might still go on, and rent would begin just as before, when more distant or less fertile land were cultivated.

The natural limit to population would of course be much earlier, and rent could never rise to the height to which it may now do; because, in the nature of things, land of the same poor quality would never be brought into cultivation;—nor could the same amount of capital be employed on the better land with any adequate return of profit.*

The following table is constructed on the supposition, that the first portion of land yields one hundred quarters profit on a capital of two hundred quarters; the second portion, ninety quarters on two hundred and ten, according to the foregoing calculations.† It will be seen that

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* In all that I have said concerning the origin and progress of rent, I have briefly repeated, and endeavoured to elucidate the principles which Mr. Malthus has so ably laid down, on the same subject, in his "Inquiry into the Nature and Progress of Rent;" a work abounding in original ideas, —which are useful not only as they regard rent, but as connected with the question of taxation; perhaps, the most difficult and intricate of all the subjects on which Political Economy treats.

† It is scarcely necessary to observe, that the data on which this table is constructed are assumed, and are proba-

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during the progress of a country the whole produce raised on its land, will increase, and for a certain time that part of the produce which belongs to the profits of stock, as well as that part which belongs to rent will increase; but that at a later period, every accumulation of capital will be attended with an absolute, as well as a proportionate diminution of profits, —though rents will uniformly increase. A less revenue, it will be seen, will be enjoyed by the owner of stock, when one thousand three hundred and fifty quarters are employed on the different qualities of land, than when one thousand one hundred were employed. In the former case the whole profits will be only two hundred and seventy, in the latter two hundred and seventy five; and when one thousand six hundred and ten are employed, profits will fall to two hundred and forty-one and a half.*

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bly very far from the truth. They were fixed on as tending to illustrate the principle,—which would be the same, whether the first profits were fifty per cent. or five,—or, whether an additional capital of ten quarters, or of one hundred, were required to obtain the same produce from the cultivation of new land. In proportion as the capital employed on the land, consisted more of fixed capital, and less of circulating capital, would rent advance, and property fall less rapidly.

* This would be the effect of a constantly accumulating capital, in a country which refused to import foreign an

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This is a view of the effects of accumulation which is exceedingly curious, and has, I believe, never before been noticed.

It will be seen by the table, that, in a progressive country, rent is not only absolutely increasing, but that it is also increasing in its ratio to the capital employed on the land; thus when four hundred and ten was the whole capital employed, the landlord obtained three and a half per cent.; when one thousand one hundred—thirteen and a quarter per cent.; and when one thousand eight hundred and eighty—sixteen and a half per cent. The landlord not only obtains a greater produce, but a larger share.

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cheaper corn. But after profits have very much fallen, accumulation will be checked, and capital will be exported to be employed in those countries where food is cheap and profits high. All European colonies have been established with the capital of the mother countries, and have thereby checked accumulation. That part of the population too, which is employed in the foreign carrying trade, is fed with foreign corn. It cannot be doubted, that low profits, which are the inevitable effects of a really high price of corn, tend to draw capital abroad: this consideration ought therefore to be a powerful reason to prevent us from restricting importation.

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TABLE, shewing the Progress of Rent and Profit under an assumed Augmentation of Capital.

Capital estimated in quarters of wheat.	Profit per cent.	Neat produce in quarters of wheat, after paying the cost of production on each capital.	Profit of 1st portion of land in quarters of wheat.	Rent of 1st portion of land in quarters of wheat.	Profit of 2d portion of land in quarters of wheat.	Rent of 2d portion of land in quarters of wheat.	Profit of 3d portion of land in quarters of wheat.	Rent of 3d portion of land in quarters of wheat.	Profit of 4th portion of land in quarters of wheat.	Rent of 4th portion of land in quarters of wheat.	Profit of 5th portion of land in quarters of wheat.	Rent of 5th portion of land in quarters of wheat.	Profit of 6th portion of land in quarters of wheat.	Rent of 6th portion of land in quarters of wheat.	Profit of 7th portion of land in quarters of wheat.	Rent of 7th portion of land in quarters of wheat.	Profit of 8th portion of land in quarters of wheat.
200	50	100	100	none.													
210	43	90	86	14	90	none.											
220	36	80	72	28	76	14	80	none.									
230	30	70	60	40	63	27	66	14	70	none.							
240	25	60	50	50	52½	37½	55	25	57½	12½	60	none.					
250	20	50	40	60	42	48	44	36	46	24	48	12	50	none.			
260	15	40	30	70	31½	58½	33	47	34½	35½	36	24	37½	12½	40	none.	
270	11	30	22	78		67	24	56	25·3	44·7	26·4	33·6	27½	22½	27·6	12·4	29·7

	When the whole capital employed is	Whole amount of rent received by landlords in quarters of wheat.	Whole amount of profits in quarters received by owners of stock.	Profit per cent. on the whole capital.	Rent per cent. on the whole capital.	Total produce in quarters of wheat, after paying the cost of production.
1st Period	200	none.	100	50		100
2d Ditto	410	14	176	43	3½	190
3d Ditto	630	42	228	36	6½	270
4th Ditto	860	81	259	30	9½	340
5th Ditto	1100	125	275	25	11½	400
6th Ditto	1350	180	270	20	13½	450
7th Ditto	1610	248½	241½	15	15½	490
8th Ditto	1880	314½	205½	11	16½	520

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*Rent then is in all cases a portion of the profits previously obtained on the land. It is never a new creation of revenue, but always part of a revenue already created.

Profits of stock fall only, because land equally well adapted to produce food cannot be procured; and the degree of the fall of profits, and the rise of rents, depends wholly on the increased expense of production.

If, therefore, in the progress of countries in wealth and population, new portions of fertile land could be added to such countries, with every increase of capital, profits would never fall, nor rents rise.†

If the money price of corn, and the wages of labour, did not vary in price in the least degree, during the progress of the country in wealth and population, still profits would fall

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* By rent I always mean the remuneration given to the landlord for the use of the original and inherent power of the land. If either the landlord expends capital on his own land, or the capital of a preceding tenant is left upon it at the expiration of his lease, he may obtain what is indeed called a larger rent, but a portion of this is evidently paid for the use of capital. The other portion only is paid for the use of the original power of the land.

† Excepting, as has been before observed, the real wages of labour should rise, or a worse system of agriculture be practised.

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and rents would rise; because *more* labourers would be employed on the more distant or less fertile land, in order to obtain the same supply of raw produce; and therefore the cost of production would have increased, whilst the value of the produce continued the same.

But the price of corn, and of all other raw produce, has been invariably observed to rise as a nation became wealthy, and was obliged to have recourse to poorer lands for the production of part of its food; and very little consideration will convince us, that such is the effect which would naturally be expected to take place under such circumstances.

The exchangeable value of all commodities, rises as the difficulties of their production increase. If then new difficulties occur in the production of corn, from more labour being necessary, whilst no more labour is required to produce gold, silver, cloth, linen, &c. the exchangeable value of corn will necessarily rise, as compared with those things. On the contrary, facilities in the production of corn, or of any other commodity of whatever kind, which shall afford the same produce with less labour, will lower its exchangeable value.*

* The low price of corn, caused by improvements in agriculture, would give a stimulus to population, by increasing

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Thus we see that improvements in agriculture, or in the implements of husbandry, lower the exchangeable value of corn;† improvements in the machinery connected with the manufacture of cotton, lower the exchangeable value of cotton goods; and improvements in mining, or the discovery of new and more abundant mines of the precious metals, lower the value of gold and silver, or which is the same thing, raises the price of all other commodities. Wherever competition can have its full effect, and the production of the commodity be not limited by nature, as in the case with some wines, the difficulty or facility

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profits and encouraging accumulation, which would again raise the price of corn and lower profits. But a larger population could be maintained at the same price of corn, the same profits, and the same rents. Improvements in agriculture may then be said to increase profits, and to lower for a time rents.

† The causes, which render the acquisition of an additional quantity of corn more difficult are, in progressive countries, in constant operation, whilst marked improvements in agriculture, or in the implements of husbandry are of less frequent occurrence. If these opposite causes acted with equal effect, corn would be subject only to accidental variation of price, arising from bad seasons, from greater or less real wages of labour, or from an alteration in the value of the precious metals, proceeding from their abundance or scarcity.

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of their production will ultimately regulate their exchangeable value.* The sole effect then of the progress of wealth on prices, independently of all improvements, either in agriculture or manufactures, appears to be to raise the price of raw produce and of labour, leaving all other commodities at their original prices, and to lower general profits in consequence of the general rise of wages.

This fact is of more importance than at first sight appears, as it relates to the interest of the landlord, and the other parts of the community. Not only is the situation of the landlord improved, (by the increasing difficulty of procuring food, in consequence of accumulation) by obtaining an increased quantity of the produce of the land, but also by the increased exchangeable value of that quantity. If his rent be increased from fourteen to twenty-eight quarters, it would be more than doubled, because he would be able to command more than double the quantity of commodities, in exchange for the twenty-eight quarters. As rents

* Though the price of all commodities is ultimately regulated by, and is always tending to, the cost of their production, including the general profits of stock, they are all subject, and perhaps corn more than most others, to an accidental price, proceeding from temporary causes.

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are agreed for, and paid in money, he would, under the circumstances supposed, receive more than double of his former money rent.

In like manner, if rent fell, the landlord would suffer two losses; he would be a loser of that portion of the raw produce which constituted his additional rent; and further, he would be a loser by the depreciation in the real or exchangeable value of the raw produce in which, or in the value of which, his remaining rent would be paid.†

As the revenue of the farmer is realized in raw produce, or in the value of raw produce, he is interested, as well as the landlord, in its high exchangeable value, but a low price of produce may be compensated to him by a great additional quantity.

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† It has been thought that the price of corn regulates the prices of all other things. This appears to me to be a mistake. If the price of corn is affected by the rise or fall of the value of the precious metals themselves, then indeed will the price of commodities be also affected, but they vary, because the value of money varies, not because the value of corn is altered. Commodities, I think, cannot materially rise or fall, whilst money and commodities continue in the same proportions, or rather whilst the cost of production of both estimated in corn continues the same. In the case of taxation, a part of the price is paid for the liberty of using the commodity, and does not constitute its real price.

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It follows then, that the interest of the landlord is always opposed to the interest of every other class in the community. His situation is never so prosperous, as when food is scarce and dear: whereas, all other persons are greatly benefited by procuring food cheap. High rent and low profits, for they invariably accompany each other, ought never to be the subject of complaint, if they are the effect of the natural course of things.

They are the most unequivocal proofs of wealth and prosperity, and of an abundant population, compared with the fertility of the soil. The general profits of stock depend wholly on the profits of the last portion of capital employed on the land; if, therefore, landlords were to relinquish the whole of their rents, they would neither raise the general profits of stock, nor lower the price of corn to the consumer. It would have no other effect, as Mr. Malthus has observed, than to enable those farmers, whose lands now pay a rent, to live like gentlemen, and they would have to expend that portion of the general revenue, which now falls to the share of the landlord.

A nation is rich, not according to the abundance of its money, nor to the high money

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value at which its commodities circulate, but according to the abundance of its commodities, contributing to its comforts and enjoyments. Although this is a proposition, from which few would dissent, many look with the greatest alarm at the prospect of the diminution of their money revenue, though such reduced revenue should have so improved in exchangeable value, as to procure considerably more of all the necessaries and luxuries of life.

If then, the principles here stated as governing rent and profit be correct, general profits on capital, can only be raised by a fall in the exchangeable value of food, and which fall can only arise from three causes:

1st. The fall of the real wages of labour, which shall enable the farmer to bring a greater excess of produce to market.

2d. Improvements in agriculture, or in the implements of husbandry, which shall also increase the excess of produce.

3dly. The discovery of new markets, from whence corn may be imported at a cheaper price than it can be grown for at home.

The first of these causes is more or less permanent, according as the price from which wages fall, is more or less near that remunera-

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tion for labour, which is necessary to the actual subsistence of the labourer.

The rise or fall of wages is common to all states of society, whether it be the stationary, the advancing, or the retrograde state. In the stationary state, it is regulated wholly by the increase or falling off of the population. In the advancing state, it depends on whether the capital or the population advance, at the more rapid course. In the retrograde state, it depends on whether population or capital decrease with the greater rapidity.

As experience demonstrates that capital and population alternately take the lead, and wages in consequence are liberal or scanty, nothing can be positively laid down, respecting profits, as far as wages are concerned.

But I think it may be most satisfactorily proved, that in every society advancing in wealth and population, independently of the effect produced by liberal or scanty wages, general profits must fall, unless there be improvements in agriculture, or corn can be imported at a cheaper price.

It seems the necessary result of the principles which have been stated to regulate the progress of rent.

This principle will, however, not be readily

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admitted by those who ascribe to the extension of commerce, and discovery of new markets, where our commodities can be sold dearer, and foreign commodities can be bought cheaper, the progress of profits, without any reference whatever to the state of the land, and the rate of profit obtained on the last portions of capital employed upon it. Nothing is more common than to hear it asserted, that profits on agriculture no more regulate the profits of commerce, than that the profits of commerce regulate the profits on agriculture. It is contended, that they alternately take the lead; and, if the profits of commerce rise, which it is said they do, when new markets are discovered, the profits of agriculture will also rise; for it is admitted, that if they did not do so, capital would be withdrawn from the land to be employed in the more profitable trade. But if the principles respecting the progress of rent be correct, it is evident, that with the same population and capital, whilst none of the agricultural capital is withdrawn from the cultivation of the land, agricultural profits cannot rise, nor can rent fall: either then it must be contended, which is at variance with all the principles of political economy, that the profits on commercial capital will rise considerably, whilst the profits on agricultural capital suffer no alteration, or,

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that under such circumstances, the profits on commerce will not rise.*

It is this latter opinion which I consider as the true one. I do not deny that the first discoverer of a new and better market may, for a time, before competition operates, obtain unusual profits. He may either sell the commodities he exports at a higher price than those who are ignorant of the new market, or he may purchase the commodities imported at a cheaper price. Whilst he, or a few more exclusively follow this trade, their profits will be above the level of general profits. But it is of the general rate of profit that we are speaking, and not of the profits of a few individuals; and I cannot doubt that, in proportion as such trade shall be generally known and followed,

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* Mr. Malthus has supplied me with a happy illustration—he has correctly compared "the soil to a great number of machines, all susceptible of continued improvement by the application of capital to them, but yet of very different original qualities and powers." How, I would ask, can profits rise whilst we are obliged to make use of that machine which has the worst original qualities and powers? We cannot abandon the use of it; for it is the condition on which we obtain the food necessary for our population, and the demand for food is by the supposition not diminished - but who would consent to use it if he could make greater profits elsewhere?

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there will be such a fall in the price of the foreign commodity in the importing country, in consequence of its increased abundance, and the greater facility with which it is procured, that its sale will afford only the common rate of profits—that so far from the high profits obtained by the few who first engaged in the new trade elevating the general rate of profits—those profits will themselves sink to the ordinary level.

The effects are precisely similar to those which follow from the use of improved machinery at home.

Whilst the use of the machine is confined to one, or a very few manufacturers, they may obtain unusual profits, because they are enabled to sell their commodities at a price much above the cost of production—but as soon as the machine becomes general to the whole trade, the price of the commodities will sink to the actual cost of production, leaving only the usual and ordinary profits.

During the period of capital moving from one employment to another, the profits on that to which capital is flowing will be relatively high, but will continue so no longer than till the requisite capital is obtained.

There are two ways in which a country may be benefited by trade—one by the increase of the

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general rate of profits, which, according to my opinion, can never take place but in consequence of cheap food, which is beneficial only to those who derive a revenue from the employment of their capital, either as farmers, manufacturers, merchants, or capitalists, lending their money at interest—the other by the abundance of commodities, and by a fall in their exchangeable value, in which the whole community participate. In the first case, the revenue of the country is augmented—in the second the same revenue becomes efficient in procuring a greater amount of the necessaries and luxuries of life.

It is in this latter mode only* that nations are benefited by the extension of commerce, by the division of labour in manufactures, and by the discovery of machinery,—they all augment the amount of commodities, and contribute very much to the ease and happiness of mankind; but, they have no effect on the rate of profits, because they do not augment the produce compared with the cost of production on the land, and it is impossible that all other profits should rise whilst the profits on land are either stationary, or retrograde.

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* Excepting when the extension of commerce enables us to obtain food at really cheaper prices.

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Profits then depend on the price, or rather on the value of food. Every thing which gives facility to the production of food, however scarce, or however abundant commodities may become, will raise the rate of profits, whilst on the contrary, every thing which shall augment the cost of production without augmenting the quantity of food,* will, under every circumstance, lower the general rate of profits. The facilities of obtaining food are beneficial in two ways to the owners of capital, it at the same time raises profits and increases the amount of consumable commodities. The facilities in obtaining all other things, only increases the amount of commodities.

If, then, the power of purchasing cheap food be of such great importance, and if the importation of corn will tend to reduce its price, arguments almost unanswerable respecting the danger of dependence on foreign countries for a portion of our food, for in no other view will the question bear an argument, ought to be brought forward to induce us to restrict im-

* If by foreign commerce, or the discovery of machinery, the commodities consumed by the labourer should become much cheaper, wages would fall; and this, as we have before observed, would raise the profits of the farmer, and therefore, all other profits.

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portation, and thereby forcibly to detain capital in an employment which it would otherwise leave for one much more advantageous.

If the legislature were at once to adopt a decisive policy with regard to the trade in corn—if it were to allow a permanently free trade, and did not with every variation of price, alternately restrict and encourage importation, we should undoubtedly be a regularly importing country. We should be so in consequence of the superiority of our wealth and population, compared to the fertility of our soil over our neighbours. It is only when a country is comparatively wealthy, when all its fertile land is in a state of high cultivation, and that it is obliged to have recourse to its inferior lands to obtain the food necessary for its population; or when it is originally without the advantages of a fertile soil, that it can become profitable to import corn.*

It is, then, the dangers of dependence on foreign supply for any considerable quantity of our food, which can alone be opposed to the many advantages which, circumstanced as we are, would attend the importation of corn.

These dangers do not admit of being very

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* This principle is most ably stated by Mr. Malthus in page 42 of "An Inquiry," &c.

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correctly estimated, they are in some degree, matters of opinion and cannot like the advantages on the other side, be reduced to accurate calculation. They are generally stated to be two—1st, that in the case of war a combination of the continental powers, or the influence of our principal enemy, might deprive us of our accustomed supply—2dly, that when bad seasons occurred abroad, the exporting countries would have, and would exercise, the power of withholding the quantity usually exported to make up for their own deficient supply.*

If we became a regularly importing country, and foreigners could confidently rely on the demand of our market, much more land would be cultivated in the corn countries with a view to exportation. When we consider the value of even a few weeks consumption of corn in England, no interruption could be given to the export trade, if the continent supplied us with any considerable quantity of corn, without the most extensively ruinous commercial distress—distress which no sovereign, or combination of sovereigns, would be willing to in-

* It is this latter opinion which is chiefly insisted upon by Mr. Malthus, in his late publication, "The grounds of An Opinion," &c.

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flict on their people; and, if willing, it would be a measure to which probably no people would submit. It was the endeavour of Buonaparte to prevent the exportation of the raw produce of Russia, more than other cause which produced the astonishing efforts of the people of that country against the most powerful force perhaps ever assembled to subjugate a nation.

The immense capital which would be employed on the land, could not be withdrawn suddenly, and under such circumstances, without immense loss; besides which, the glut of corn in their markets, which would affect their whole supply, and lower its value beyond calculation; the failure of those returns, which are essential in all commercial adventures, would occasion a scene of wide spreading ruin, which if a country would patiently endure, would render it unfit to wage war with any prospect of success. We have all witnessed the distress in this country, and we have all heard of the still greater distress in Ireland, from a fall in the price of corn, at a time too when it is acknowledged that our own crop has been deficient; when importation has been regulated by price, and when we have not experienced any of the effects of a glut. Of what nature would that distress have been

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if the price of corn had fallen to a half a quarter, or an eighth part of the present price. For the effects of plenty or scarcity, in the price of corn, are incalculably greater than in proportion to the increase or deficiency of quantity. These then, are the inconveniencies which the exporting countries would have to endure.

Ours would not be light. A great diminution in our usual supply, amounting probably to one-eighth of our whole consumption, it must be confessed, would be an evil of considerable magnitude; but we have obtained a supply equal to this, even when the growth of foreign countries was not regulated by the constant demand of our market. We all know the prodigious effects of a high price in procuring a supply. It cannot, I think be doubted, that we should obtain a considerable quantity from those countries with which we were not at war; which, with the most economical use of our own produce, and the quantity in store,† would enable us to subsist till we had bestowed the necessary capital and labour on our own land, with a view to future produc-

† As London is to be a depot for foreign corn, this store might be very great.

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tion. That this would be a most afflicting change, I certainly allow; but I am fully persuaded that we should not be driven to such an alternative, and that notwithstanding the war, we should be freely supplied with the corn, expressly grown in foreign countries for our consumption. Buonaparte, when he was most hostile to us, permitted the exportation of corn to England by licences, when our prices were high from a bad harvest, even when all other commerce was prohibited. Such a state of things could not come upon us suddenly; a danger of this nature would be partly foreseen, and due precautions would be taken. Would it be wise then to legislate with the view of preventing an evil which might never occur; and to ward off a most improbable danger, sacrifice annually a revenue of some millions?

In contemplating a trade in corn, unshackled by restrictions on importation, and a consequent supply from France, and other countries, where it can be brought to market, at a price not much above half that at which we can ourselves produce it on some of our poorer lands, Mr. Malthus does not sufficiently allow for the greater quantity of corn, which would be grown abroad, if importation was to become the settled policy of this country.

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There cannot be the least doubt that if the corn countries could depend on the markets of England for a regular demand, if they could be perfectly secure that our laws, respecting the corn trade, would not be repeatedly vacillating between bounties, restrictions, and prohibitions, a much larger supply would be grown, and the danger of a greatly diminished exportation, in consequence of bad seasons, would be less likely to occur. Countries which have never yet supplied us, might, if our policy was fixed, afford us a considerable quantity.

It is at such times that it would be particularly the interest of foreign countries to supply our wants, as the exchangeable value of corn does not rise in proportion only to the deficiency of supply, but two, three, four, times as much, according to the amount of the deficiency.

If the consumption of England is ten million quarters, which, in an average year, would sell for forty millions of money; and, if the supply should be deficient one fourth, the seven million five hundred thousand quarters would not sell for forty millions only, but probably for fifty millions, or more. Under the circumstances then of bad seasons, the exporting country would content itself with

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the smallest possible quantity necessary for their own consumption, and would take advantage of the high price in England, to sell all they could spare, as not only would corn be high, as compared with money, but as compared with all other things; and if the growers of corn adopted any other rule, they would be in a worse situation, as far as regarded wealth, than if they had constantly limited the growth of corn to the wants of their own people.

If one hundred millions of capital were employed on the land, to obtain the quantity necessary to their own subsistence, and twenty millions more, that they might export the produce, they would lose the whole return of the twenty millions in the scarce year, which they would not have done had they not been an exporting country.

At whatever price exportation might be restricted, by foreign countries, the chance of corn rising to that price would be diminished by the greater quantity produced in consequence of our demand.

With respect to the supply of corn, it has been remarked, in reference to a single country, that if the crops are bad in one district, they are generally productive in another; that

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if the weather is injurious to one soil, or to one situation, it is beneficial to a different soil and different situation; and, by this compensating power, Providence has bountifully secured us from the frequent recurrence of dearths. If this remark be just, as applied to one country, how much more strongly may it be applied to all the countries together which compose our world? Will not the deficiency of one country be made up by the plenty of another? and, after the experience which we have had of the power of high prices to procure a supply, can we have any just reason to fear that we shall be exposed to any particular danger from depending on importation, for so much corn as may be necessary for a few weeks of our consumption.

From all that I can learn, the price of corn in Holland, which country depends almost wholly on foreign supply, has been remarkably steady, even during the convulsed times which Europe has lately experienced—a convincing proof, notwithstanding the smallness of the country, that the effects of bad seasons are not exclusively borne by importing countries.

That great improvements have been made in agriculture, and that much capital has been expended on the land, it is not attempted

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to deny; but, with all those improvements, we have not overcome the natural impediments resulting from our increasing wealth and prosperity, which obliges us to cultivate at a disadvantage our poor lands, if the importation of corn is restricted or prohibited. If we were left to ourselves, unfettered by legislative enactments, we should gradually withdraw our capital from the cultivation of such lands, and import the produce which is at present raised upon them. The capital withdrawn would be employed in the manufacture of such commodities as would be exported in return for the corn.* Such a distribution of part of the capital of the country, would be more advantageous, or it would not be adopted. This principle is one of the best established in the science of political economy,

* If it be true, as Mr. Malthus observes, that in Ireland there are no manufactures in which capital could be profitably employed, capital would not be withdrawn from the land, and then there would be no loss of agricultural capital. Ireland would, in such case, have the same surplus corn produce, although it would be of less exchangeable value. Her revenue might be diminished; but if she would not, or could not manufacture goods, and would not cultivate the ground, she would have no revenue at all.

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and by no one is more readily admitted than by Mr. Malthus. It is the foundation of all his arguments, in his comparison of the advantages and disadvantages attending an unrestricted trade in corn, in his "Observations on the Corn Laws."

In his last publication, however, in one part of it, he dwells with much stress on the losses of agricultural capital, which the country would sustain, by allowing an unrestricted importation. He laments the loss of that which by the course of events has become of no use to us, and by the employment of which we actually lose. We might just as fairly have been told, when the steam-engine, or Mr. Arkwright's cotton-machine, was brought to perfection, that it would be wrong to adopt the use of them, because the value of the old clumsy machinery would be lost to us. That the farmers of the poorer lands would be losers, there can be no doubt, but the public would gain many times the amount of their losses; and, after the exchange of capital from land to manufactures had been effected, the farmers themselves, as well as every other class of the community, except the landholders, would very considerably increase their profits.

It might, however, be desirable, that the

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farmers, during their current leases, should be protected against the losses which they would undoubtedly suffer from the new value of money, which would result from a cheap price of corn, under their existing money engagements with their landlords.

Although the nation would sacrifice much more than the farmers would save even by a temporary high price of corn, it might be just to lay restrictive duties on importation for three or four years, and to declare that, after that period, the trade in corn should be free, and that imported corn should be subject to no other duty than such as we might find it expedient to impose on corn of our own growth.*

Mr. Malthus is, no doubt, correct, when he

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* I by no means agree with Adam Smith, or with Mr. Malthus, respecting the effects of taxation on the necessaries of life. The former can find no term too severe by which to characterize them. Mr. Malthus is more lenient. They both think that such taxes, incalculably more than any other, tend to diminish capital and production. I do not say that they are the best of taxes, but they do not, I think, subject us to any of the disadvantages of which Adam Smith speaks in foreign trade: nor do they produce effects very different from other taxes. Adam Smith thought that such taxes fell exclusively on the landholder; Mr. Malthus thinks they are divided between the landholder and consumer. It appears to me that they are paid wholly by the consumer.

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says, " If merely the best modes of cultivation now in use, in some parts of Great Britain, were generally extended, and the whole country was brought to a level, in proportion to its natural advantages of soil and situation, by the further accumulation and more equable distribution of capital and skill, the quantity of additional produce would be immense, and would afford the means of subsistence to a very great increase of population.*

This reflection is true, and is highly pleasing—it shews that we are yet at a great distance from the end of our resources, and that we may contemplate an increase of prosperity and wealth, far exceeding that of any country which has preceded us. This may take place under either system, that of importation or restriction, though not with an equally accelerated pace, and is no argument why we should not, at every period of our improvement, avail ourselves of the full extent of the advantages offered to our acceptance—it is no reason why we should not make the very best disposition of our capital, so as to ensure the most abundant return. The land has, as I before said, been compared by Mr. Malthus to a great number of machines, all susceptible of continued improvement by the application of capital to them, but yet of

* Page 22, Grounds, &c.

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very different original qualities and powers. Would it be wise at a great expense to use some of the worst of these machines, when at a less expense we could hire the very best from our neighbours.

Mr. Malthus thinks that a low money price of corn would not be favourable to the lower classes of society, because the real exchangeable value of labour; that is, its power of commanding the necessaries, conveniences, and luxuries of life, would not be augmented, but diminished by a low money price. Some of his observations on this subject are certainly of great weight, but he does not sufficiently allow for the effects of a better distribution of the national capital on the situation of the lower classes. It would be beneficial to them, because the same capital would employ more hands; besides, that the greater profits would lead to further accumulation; and thus would a stimulus be given to population by really high wages, which could not fail for a long time to ameliorate the condition of the labouring classes.

The effects on the interests of this class, would be nearly the same as the effects of improved machinery, which it is now no longer questioned, has a decided tendency to raise the real wages of labour.

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Mr. Malthus also observes, "that of the commercial and manufacturing classes, only those who are directly engaged in foreign trade will feel the benefit of the importing system."

If the view which has been taken of rent be correct,—if it rise as general profits fall, and falls as general profits rise,—and if the effect of importing corn is to lower rent, which has been admitted, and ably exemplified by Mr. Malthus himself,—all who are concerned in trade, —all capitalists whatever, whether they be farmers, manufacturers, or merchants, will have a great augmentation of profits. A fall in the price of corn, in consequence of improvements in agriculture or of importation, will lower the exchangeable value of corn only,—the price of no other commodity will be affected. If, then, the price of labour falls, which it must do when the price of corn is lowered, the real profits of all descriptions must rise; and no person will be so materially benefited as the manufacturing and commercial part of society.

If the demand for home commodities should be diminished, because of the fall of rent on the part of the landlords, it will be increased in a far greater degree by the increased opulence of the commercial classes.

If restrictions on the importation of corn should take place, I do not apprehend, that

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we shall lose any part of our foreign trade; on this point, I agree with Mr. Malthus. In the case of a free trade in corn, it would be considerably augmented; but the question is not, whether we can retain the same foreign trade—but, whether, in both cases, it will be equally profitable.

Our commodities would not sell abroad for more or for less in consequence of a free trade, and a cheap price of corn; but the cost of production to our manufacturers would be very different if the price of corn was eighty, or was sixty shillings per quarter; and consequently profits would be augmented by all the cost saved in the production of the exported commodities.

Mr. Malthus notices an observation, which was first made by Hume, that a rise of prices, has a magic effect on industry: he states the effects of a fall to be proportionally depressing.* A rise of prices has been stated to be one of the advantages, to counterbalance the many evils attendant on a depreciation of money, from a real fall in the value of the precious metals, from raising the denomination of the coin, or from the over-issue of paper money.

It is said to be beneficial, because it betters the situation of the commercial classes

* Grounds, &c. p. 32.

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at the expense of those enjoying fixed incomes; —and that it is chiefly in those classes, that the great accumulations are made, and productive industry encouraged.

A recurrence to a better monetary system, it is said, though highly desirable, tends to give a temporary discouragement to accumulation and industry, by depressing the commercial part of the community, and is the effect of a fall of prices: Mr. Malthus supposes that such an effect will be produced by the fall of the price of corn. If the observation made by Hume were well founded, still it would not apply to the present instance:—for every thing that the manufacturer would have to sell, would be as dear as ever: it is only what he would buy that would be cheap, namely, corn and labour by which his gains would be increased. I must again observe, that a rise in the value of money lowers all things; whereas a fall in the price of corn, only lowers the wages of labour, and therefore raises profits.

If then the prosperity of the commercial classes, will most certainly lead to accumulation of capital, and the encouragement of productive industry; these can by no means be so surely obtained as by a fall in the price of corn.

I cannot agree with Mr. Malthus in his ap-

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probation of the opinion of Adam Smith, "that no equal quantity of productive labour employed in manufactures, can *ever* occasion so great a re-production as in agriculture." I suppose that he must have overlooked the term ever in this passage, otherwise the opinion is more consistent with the doctrine of the Economists, than with those which he has maintained; as he has stated, and I think correctly, that in the first settling of a new country, and in every stage of its improvement, there is a portion of its capital employed on the land, for the profits of stock merely, and which yields no rent whatever. Productive labour employed on such land never does in fact afford so *great* a re-production, as the same productive labour employed in manufactures.

The difference is not indeed great, and is voluntarily relinquished, on account of the security and respectability which attends the employment of capital on land. In the infancy of society, when no rent is paid, is not the re-production of value in the course manufactures, and in the implements of husbandry with a given capital, at least as great as the value which the same capital would afford if employed on the land?

This opinion indeed is at variance with all the general doctrines of Mr. Malthus, which

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he has so ably maintained in this as well as in all his other publications. In the "Inquiry," speaking of what I consider a similar opinion of Adam Smith, he observes, "I cannot, however, agree with him in thinking that all land which yields food must necessarily yield rent. The land which is successively taken into cultivation in improving countries, may only pay profits and labour. A fair profit on the stock employed, including, of course, the payment of labour, will always be a sufficient inducement to cultivate." The same motives will also induce some to manufacture goods, and the profits of both in the same stages of society will be nearly the same.

In the course of these observations, I have often had occasion to insist, that rent never falls without the profits of stock rising. If it suit us to day to import corn rather than grow it, we are solely influenced by the cheaper price. If we import the portion of capital last employed on the land, and which yielded no rent, will be withdrawn; rent will fall and profits rise, and another portion of capital employed on the land will come under the same description of only yielding the usual profits of stock.

If corn can be imported cheaper than it can

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be grown on this rather better land, rent will again fall and profits rise, and another and better description of land will now be cultivated for profits only. In every step of our progress, profits of stock increase and rents fall, and more land is abandoned: besides which, the country saves all the difference between the price at which corn can be grown, and the price at which it can be imported, on the quantity we receive from abroad.

Mr. Malthus has considered, with the greatest ability, the effect of a cheap price of corn on those who contribute to the interest of our enormous debt. I most fully concur in many of his conclusions on this part of the subject. The wealth of England would, I am persuaded, be considerably augmented by a great reduction in the price of corn, but the whole money value of that wealth would be diminished. It would be diminished by the whole difference of the money value of the corn consumed,—it would be augmented by the increased exchangeable value of all those commodities which would be exported in exchange for the corn imported. The latter would, however, be very unequal to the former; therefore the money value of the commodities of England

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would, undoubtedly, be considerably lowered.

But, though it is true, that the money value of the mass of our commodities would be diminished, it by no means follows, that our annual revenue would fall in the same degree. The advocates for importation ground their opinion of the advantages of it on the conviction that the revenue would not so fall. And, as it is from our revenue that taxes are paid, the burthen might not be really augmented.

Suppose the revenue of a country to fall from ten to nine millions, whilst the value of money altered in the proportion of ten to eight, such country would have a larger neat revenue, after paying a million from the smaller, than it would have after paying it from the larger sum.

That the stockholder would receive more in real value than what he contracted for, in the loans of the late years, is also true; but, as the stockholders themselves contribute very largely to the public burthens, and therefore to the payment of the interest which they receive, no inconsiderable proportion of the taxes would fall on them; and, if we estimate at its true value the additional profits made by the com-

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mercial class, they would still be great gainers, notwithstanding their really augmented contributions.

The landlord would be the only sufferer by paying really more, not only without any adequate compensation, but with lowered rents.

It may indeed be urged, on the part of the stockholder, and those who live on fixed incomes, that they have been by far the greatest sufferers by the war. The value of their revenue has been diminished by the rise in the price of corn, and by the depreciation in the value of paper money, whilst, at the same time, the value of their capital has been very much diminished from the lower price of the funds. They have suffered too from the inroads lately made on the sinking fund, and which, it is supposed, will be still further extended,—a measure of the greatest injustice,—in direct violation of solemn contracts; for the sinking fund is as much a part of the contract as the dividend, and, as a source of revenue, utterly at variance with all sound principles. It is to the growth of that fund that we ought to look for the means of carrying on future wars, unless we are prepared to relinquish the funding system altogether. To meddle with the sinking fund, is to obtain a little temporary aid at the

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sacrifice of a great future advantage. It is reversing the whole system of Mr. Pitt, in the creation of that fund: he proceeded on the conviction, that, for a small present burthen, an immense future advantage would be obtained; and, after witnessing, as we have done, the benefits which have already resulted from his inflexible determination to leave that fund untouched, even when he was pressed by the greatest financial distress, when three per cents. were so low as forty-eight, we cannot, I think, hesitate in pronouncing, that he would not have countenanced, had he still lived, the measures which have been adopted.

To recur, however, to the subject before me, I shall only further observe, that I shall greatly regret that considerations for any particular class, are allowed to check the progress of the wealth and population of the country. If the interests of the landlord be of sufficient consequence, to determine us not to avail ourselves of all the benefits which would follow from importing corn at a cheap price, they should also influence us in rejecting all improvements in agriculture, and in the implements of husbandry; for it is as certain that corn is rendered cheap, rents are lowered, and the ability of the landlord to pay

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taxes, is for a time, at least, as much impaired by such improvements, as by the importation of corn. To be consistent then, let us by the same act arrest improvement, and prohibit importation.

THE END.

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